

**OFFICE OF ECONOMIC ADJUSTMENT**  
**Operation and Maintenance, Defense-Wide**  
**FY 2000/2001 Biennial Budget Estimates**

I. Description of Operations Financed:

The Office of Economic Adjustment provides technical and financial assistance to communities: (a) that are affected by base closures, realignments, and reductions in defense industry employment: (b) where the local economy is heavily dependent on defense expenditures: (c) where expansion of the local military installation significantly increases the demand for public facilities and services: or (d) when community development threatens the mission of an installation. During FY 1998, OEA provided assistance to 142 communities. In FY 2000, BRAC 1988 and 1991 communities and most BRAC 93 communities will no longer require OEA grant funding but will continue to receive technical support from the OEA Staff. OEA resources also support the mission of the Base Transition Office.

The Office of Economic Adjustment (OEA)'s FY 2000 funding will be used to continue assistance to BRAC communities and those affected by other changes in DoD programs. All communities will have completed their base reuse plans and will require OEA funding to undertake follow-on, specialized plans and for additional organizational support to facilitate the reuse of the base. Assistance averages from \$400,000 to \$500,000 annually per community and typically is required for a three to five year period. Another five or more communities will need funding for the second phase of economic adjustment strategies designed to offset impacts resulting from reductions in defense industry employment. Assistance to defense industry communities averages \$200,000 annually and is required for two to three years. It is also expected that five to seven military installations will request assistance in preventing further community development from encroaching on the operational effectiveness of the base.

II. Force Structure Summary: (N/A)

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III. Financial Summary (O&M: \$ in Thousands):

	FY 1998 <u>Actuals</u>	FY 1999		FY 2000 <u>Estimate</u>
		<u>Budget Request</u>	<u>Appropriated</u>	
A. <u>Activity Group:</u> Office of Economic Adjustment	112,814	31,233	56,733	30,940
B. <u>Reconciliation Summary:</u>				
		<u>Change FY 1999/FY 1999</u>	<u>Change FY 1999/FY 2000</u>	
Baseline Funding		31,233	55,227	
Congressional Adjustments		25,317	-0-	
Price Change		44	916	
Program Changes		-1,367	-25,203	
Current Estimate		55,227	30,940	
C. <u>Reconciliation of Increases &amp; Decreases:</u>				
1. FY 1999 Amended President's Budget Request				31,233
2. Congressional Adjustments (Distributed)				
a. <u>Agile Port Capability Study</u>			500	
b. <u>Fitzsimmons Army Hospital</u>			10,000	
c. <u>Shipyard Infrastructure Repair</u>			10,000	
d. <u>Pico Rivera</u>			4,000	

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C. <u>Reconciliation of Increases &amp; Decreases:</u> (con't)		
e. <u>Planning (OEA)</u>	1,000	
3. Total Congressional Adjustments (Distributed)		25,500
4. Congressional Adjustments (Undistributed)		
a. <u>DRI Savings</u>	-49	
b. <u>Revised Economic Assumptions</u>	-92	
c. <u>Earmark - Indian Land Mitigation</u>	-42	
5. Total Congressional Adjustments (Undistributed)		-183
6. FY 1999 Appropriated Amount		56,550
7. Functional Transfers - In		0
8. Functional Transfers - Out		0
9. Price Change		44
10. Program Increases		0
11. Program Decreases		
a. <u>FTE and administrative cost reduction.</u>	-1,323	
b. <u>Reduction in grants to provide for increased price.</u>	-44	
12. Total Program Decreases		-1,367
13. FY 1999 Current Estimate		55,227

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C. Reconciliation of Increases & Decreases: (con't)

14. Price Changes		916
15. Program Increases		
a. <u>OEA will be purchasing new telecommunications equipment.</u>	8	
b. <u>OEA will be providing another five or more communities with funding for economic adjustment strategies.</u>	1,154	
16. Total Program Increases		1,162
17. Program Decreases		
a. <u>Personnel reductions in response to OEA's diminishing role in the community and in support of the departments on going initiative to reduce manpower authorizations.</u>	-120	
b. <u>In FY 2000, the OEA initiatives for Agile Port Capability, Fitzsimmons Army Hospital, Shipyard Infrastructure Repair, Pico Rivera and other OEA planning performed in FY 1999 will discontinue.</u>	-25,883	
c. <u>In FY 2000, OEA will require less in contract support.</u>	-362	

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C. Reconciliation of Increases & Decreases: (con't)

18. Total Program Decreases	-26,365
19. FY 2000 Budget Request	30,940

IV. Performance Criteria and Evaluation Summary:

The major decrease in demand for OEA resources will occur in FY 1999 because most BRAC communities will have completed their base reuse planning. With this reduction of funds, the distribution of OEA grant funds follows:

	<u>FY 1998</u> <u>Actuals</u>	<u>FY 1999</u> <u>Estimate</u>	<u>FY 2000</u> <u>Estimate</u>
Base Closure Grants/Realignments	70	40	45
Defense Industry Impacts	5	5	5
Joint Land Use Studies	4	5	5
State Grants	3	6	6
Advanced Planning	2	4	4

V. Personnel Summary:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Change</u> <u>FY 1999/FY 2000</u>
<u>Military End Strength</u>				
Officer	5	3	3	0
Enlisted	0	0	0	0
Total	5	3	3	0
<u>Civilian End Strength</u>				
US Direct Hire	41	43	41	-2

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V. Personnel Summary: (cont.)

<u>Military FTE's</u>				
Officer	5	3	3	0
Enlisted	0	0	0	0
Total	$\frac{5}{}$	$\frac{3}{}$	$\frac{3}{}$	$\frac{0}{}$
 <u>Civilian FTE's</u>				
US Direct Hire	43	43	41	-2

VI. OP 32 Line Items:

	FY 1998 <u>Actual</u>	Change FY 1998/FY 1999		FY 1999 <u>Estimate</u>	Change FY 1999/FY 2000		FY 2000 <u>Estimate</u>
		<u>Price</u> Growth	<u>Program</u> Growth		<u>Price</u> Growth	<u>Program</u> Growth	
101 Exec, Gen & Spec Schedules	3,549	130	0	3,679	146	-120	3,705
308 Travel of Persons	518	6	-270	254	3	0	257
673 Payments to DFAS	413	5	-62	356	5	0	361
912 SLUC (GSA Leases)	273	3	-26	250	3	0	253
914 Purchased Communications	95	1	0	96	1	6	103
915 Rents	43	0	7	50	1	-1	50
920 Supplies & Materials	7	0	14	21	0	1	22
921 Printing & Reproduction	0	0	2	2	0	0	2
922 Equipment Maintenance	7	0	0	7	0	0	7
925 Equipment (Non-fund)	534	6	-500	40	1	1	42

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VI. OP 32 Line Items: (con't)

933 Contract Studies and Analysis	111	1	-12	100	2	-2	100
988 Grants	108,747	1,088	-50,291	49,732	647	-24,696	25,782
989 Other Contracts	<u>8,329</u>	<u>92</u>	<u>-7,781</u>	<u>640</u>	<u>8</u>	<u>-392</u>	<u>256</u>
9999 Total	112,814	1,331	-58,915	55,227	916	-25,203	30,940